



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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September 11, 2002

CERTIFIED RETURN RECEIPT
7099 3400 0016 8895 6566

Mr. Mickey Schoot
Geokinetics, Inc.
8401 Westheimer Road Suite 150
Houston, Texas 77063-2107

Re: Five-Year Review of Reclamation Surety Estimate, Geokinetics, Inc., Seep Ridge Project, M/047/002, Uintah County, Utah

Dear Mr. Schoot:

This letter is to notify you of the escalation of your Seep Ridge Project, located in Uintah County, Utah. The last surety estimate for this mine was \$21,700 in 1996 dollars. Upon review of the information in the files and a recent site visit by Paul Baker, who stated that there had been no changes at the site, we find we only need to escalate the present bond for a five-year period.


The surety for the Seep Ridge Project escalated to the year 2007 is \$26,600. A Surety Estimate Update is attached for your use. Please provide the updated surety within 60 days or no later than November 12, 2002.

You may provide a rider to the existing surety; however, if you choose to post another form of surety, please contact Joelle Burns at (801) 538-5291 to obtain the current bonding forms or you may access the current forms on the internet at www.nr.utah.gov. We will require that you also replace the Reclamation Contract, which is also located on the web. If you provide a rider to the existing surety, only minor changes will be required on the Reclamation Contract. Please fax a "draft" copy of the documents so we can review them for completeness and accuracy before they are finalized.

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Mickey Schoot
M047/002
September 11, 2002

If you are unable to provide the surety within this timeframe, please contact the Division with justification for requesting additional time. Thank you for your help in keeping the surety current. If you have any questions concerning this letter, please contact Doug Jensen at (801) 538-5382.

Sincerely,

A handwritten signature in black ink that reads "D. Wayne Hedberg". The signature is written in a cursive style with a large, stylized "D" and "H".

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

sm

Attachment: Surety estimate update

cc: John Blake, SITLA

Doug Jensen, DOGM

P:\GROUPS\MINERALS\WP\M047-Uintah\M0470002SeepRidge\final\M047-002-bondescal.doc

SURETY ESTIMATE UPDATE

Geokinetics, Inc.

Seep Ridge Project

FILE # M/047/002

Uintah County

Prepared by Utah Division of Oil, Gas & Mining

Last Update DATE

9/11/02

DESCRIPTION:

-Previous reclamation surety estimate was \$21,700 in year 1996 dollars

-Reclamation Estimate base amount calculated in 1996-\$

-This update adjusts the surety amount for escalation only.

-Escalation factors through 2002 are actual Means Historical Cost Indices

-Total disturbed area = 13.27 ACRES

| CALCULATIONS | | ESCAL | BOND |
|---|------|--------|-------------|
| $F = P(1 + i)^{**n}$ | YR | FACTOR | AMOUNT |
| | 1994 | 0.0321 | \$0.00 |
| | 1995 | 0.0193 | \$0.00 |
| F = Future Sum | 1996 | 0.0242 | \$19,148.00 |
| P = Present Sum | 1997 | 0.0236 | \$19,599.89 |
| i = Escalation Factor | 1998 | 0.0502 | \$20,583.81 |
| n = number of periods | 1999 | 0.0191 | \$20,976.96 |
| | 2000 | 0.0244 | \$21,488.80 |
| Three Yr Average = 2.82% | 2001 | 0.0460 | \$22,477.28 |
| Used to Project 5 Yrs | 2002 | 0.0282 | \$23,111.14 |
| From the Year 2002 | 2003 | 0.0282 | \$23,762.87 |
| | 2004 | 0.0282 | \$24,432.99 |
| | 2005 | 0.0282 | \$25,122.00 |
| | 2006 | 0.0282 | \$25,830.44 |
| | 2007 | 0.0282 | \$26,558.86 |
| Updated Surety Amount Rounded (2007-\$) | | | \$26,600.00 |

** Average cost per acre = \$2,001 (\$/ACRE)